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STREETSENSE

MARKETING TREND REPORT

VOLUME 1

SENSE

Marketing evolves so quickly that it can be difficult to capture a moment in time. In the space between drafting this report and delivering it here to you, two new players have emerged in AI: Google launched its chatbot Bard, and Microsoft unveiled a new Bing web search engine—both powered by artificial intelligence. There's also been a public appeal from major tech players to pause the speed in which the technology is being developed. What we can say for certain: we've only just begun to understand AI's potential impact on marketing.

AI-informed marketing is just one of four trends we've explored here. We look at another way search is evolving as Gen Z increasingly turns to social media for discovery, consideration, and even conversion. While these trends are driven by technological advancement and changing consumer behavior, we're also seeing the return of something a bit more traditional: advertising "IRL." That means increased out-of-home media buys, more emphasis on activations and live programming, and more focus on in-store experiences—now enhanced by digital behavior data. Finally, we end with something you might have ~~seen~~ heard coming: the rising role of audio in everything from brand identities to social discovery.

WHO IS THIS FOR?

This report was developed for marketers across industries who want to stay ahead of the curve—the professionals who believe in the test-and-learn and know that sometimes the best way to grow is to jump feet-first into uncharted territory. Trying new things doesn't always pan out, but we do know that early adoption of emerging marketing strategies is often rewarded by social media algorithms, earns attention from the media, and at a minimum helps you stand out with customers and consumers. This is for those who know rewards are worth the risk.
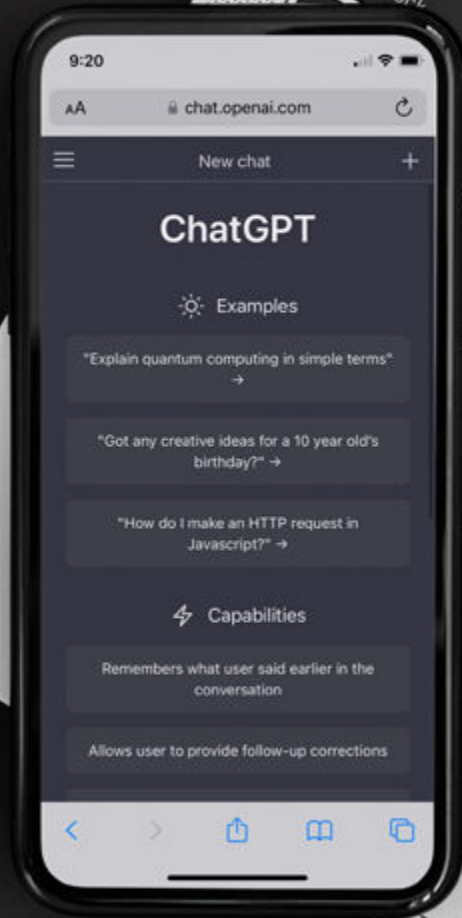
THE TRENDS

AI IS INFILTRATING THE MARKETING PROCESS

From the brainstorming phase to final deliverables, artificial intelligence (AI) is permeating every aspect of the marketing process. The general consensus amongst marketers is that while using these tools can be great for quickly expanding the imagination, making campaigns more interactive, and analyzing information at scale, they shouldn't be thought of as a be-all end-all solution given ethical concerns.

USING AI TO PROVIDE CREATIVE INSPIRATION

ChatGPT, a chatbot that can answer questions, write articles, and summarize information, is one of the tools rising quickly in the ranks. It was developed by Open AI, a nonprofit research company that develops artificial intelligence (AI) in ways that it claims to benefit humanity as a whole. The bot already had one million users a week after being made available to the public in November. One way marketers are using ChatGPT is for influencer marketing. The ability to standardize creative briefs with thought starters at scale has been huge. The human-eye proofs at the end, of course, editing down with what's most feasible. "AI can be a powerful tool. Sometimes the hardest part of our job is starting, and that's where having a jumping-off point can help create efficiencies. It's the start we need to propel us forward to creating, refining, enhancing, and evolving the next great idea," says Christy Turissini, Streetsense's Director of Content Marketing. Another drawback: ChatGPT is based on a data set, so it's often pulling from ideas that already exist. So while yes, it can be a good starting point, when it comes to your strategy, it's definitely not a stopping point.

USING AI TO CREATE ECONOMIC EFFICIENCIES

Another use case for AI: it's fast. Especially in today's uncertain economic environment, some marketers are putting AI at the forefront to create campaigns more quickly using less money given smaller campaign budgets. "Advanced language models like ChatGPT that use natural language processing and GPT-3 technology can generate large amounts of high-quality content at a fraction of the cost and time it takes for humans," Lanie Shalek, director of growth marketing at Jobi Capital, explained to *Marketing Dive*.

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USING AI TO MAKE CAMPAIGNS MORE INTERACTIVE

One brand dipping its toes in the AI waters is Snapple, celebrating the "Snapple Real Facts" 20th anniversary with the "Snapple fAIct Generator." The generator uses ChatGPT creator OpenAI's tech to formulate facts on a variety of topics. The facts are shareable on social media and will appear on real bottles starting in 2024. By getting consumers to interact directly with the campaign, Snapple will inevitably drive both engagement and awareness for its brand.

AI spans beyond words though, and a number of image generators, including DALL-E and Midjourney, are being used by brands as well. Take Patron Tequila, which launched an AI art generator in advance of February's National Tequila Day. Consumers input a dream destination, favorite ingredient, and favorite garnish, and the output generated a dream image of a Margarita. Those who shared the creation on social media were entered to win concert tickets.

This sort of campaign could extend to a lot of different verticals. A hospitality client could have consumers input features of their dream vacation, and an AI image generator could spit out a scene. Those who share on social media could be entered to win their dream vacation, for real. Same with real estate. Apartment hunters could input their decor aesthetic and get matched with a community and those who share the image could win professional design services to recreate the aesthetic within the winner's home. However, this type of activation does come with risks when you take into account copyright and trademark laws within the art world.

USING AI TO ANALYZE DATA AT SCALE

Another form of efficiency: AI can also sift through large amounts of data at once and identify patterns. This is especially beneficial when it comes to location data informing your business strategy. For example, AI can help accurately predict how a new restaurant concept could fare in Northwest DC, or whether a corporation should expand to a new location in Los Angeles, and if so, where. For example, image location data, including "the ratio of 'open' to 'closed' signs on businesses can provide information about the economic opportunities in a given area," says _Franchising.com_.

Location data intelligence can also help retailers and brands gain a better understanding of their target audiences. "By seeing the various places their customers choose to spend their time and money, whether that's another type of store, a professional sports game, a music concert, etc., retailers can identify consumer interests, trends, and preferences and tailor their products and services to meet these expectations and provide a superior customer experience," says Gravy Analytics. Finally, brick-and-mortar businesses are seeing some of the same insights and targeting capabilities that have traditionally only been available to digital marketers, providing "these types of retailers with this holistic view of consumers, and ultimately giving them information on how to increase foot traffic in a retail store. Analytics tools provide users with the same level of valuable insights afforded to their counterparts who serve solely online shoppers, allowing them the data needed to improve efficiency."

CONCERNS MOVING FORWARD

We've already mentioned the risks of copyright infringement and attribution when it comes to AI—and fake news is another. _Ad Age_ is noting that there's been confusion when it comes to brand collaborations: "people can't tell if they're for real or AI." And when it came to testing Microsoft's AI chat in Bing in February, many people noticed the bot had some "glaring mistakes and disturbing responses."

"What AI delivers in low cost and high speed, it can't quite deliver in humanity," says _Marketing Dive_. Last year, KFC Germany landed in hot water when its app notified consumers to mark the anniversary of Kristallnacht with its product. The quick service restaurant apologized for a "semi-automated content creation process linked to calendars that include national observances."

> "What AI delivers in low cost and high speed, it can't quite deliver in humanity."
>
> **CHRIS KELLY,** "ChatGPT might change advertising—but it won't revolutionize it," _Marketing Dive_, Jan. 2023

One of our biggest questions is what AI means for the future of search. If consumers start getting all their answers from a chatbot, search engines—and the ad revenue that comes along with them—could become obsolete. Marketers will need to consider adjusting their tactics so their content is optimized for AI Chat searches as well as traditional search. What that optimization entails is still being determined. "Advertisers need new metrics to measure the effectiveness of their search advertising [and] search marketing, relying on measuring via clicks when clicks are no longer necessary for consumers to complete the activity they are doing won't make sense," Nicole Perrin, VP of business intelligence at Advertiser Perceptions, told _Ad Age_.
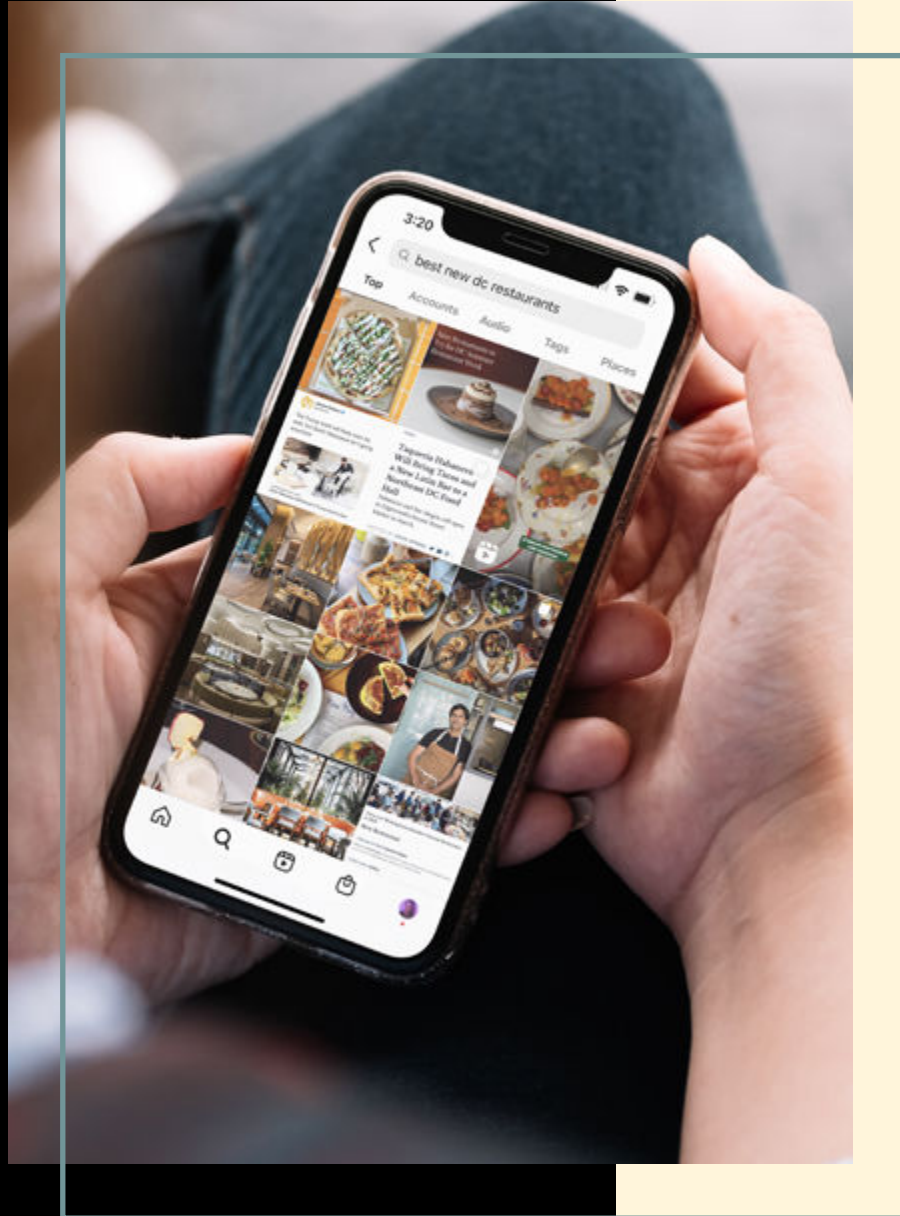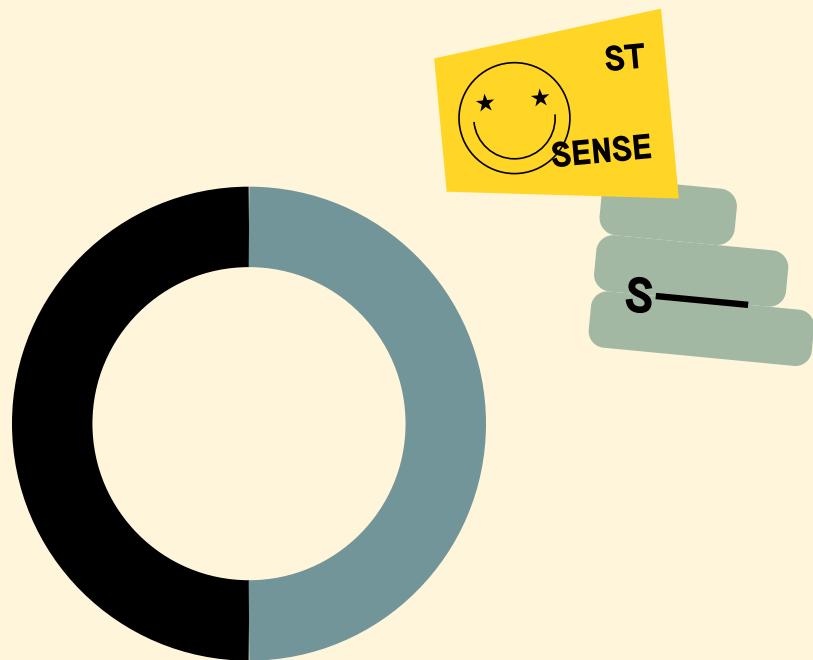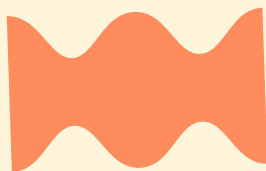
SEARCH IS MORE SOCIAL THAN EVER BEFORE

While AI is already beginning to impact the traditional search landscape, social media is emerging as a major alternative. Google has always been known for speed and scale, but lately, consumers are starting to favor smaller, more niche channels for search, particularly Gen Z with its affinity for social media. According to Google Data, 40% of Gen Z use social media platforms, especially TikTok and Instagram, for discovery and search purposes. That means when they're looking for a new restaurant, apartment, or place to vacation, they're turning to social media before Google to find the best recommendations. They're also acting upon these searches: 50% of US Gen Z social media users have purchased something after seeing it on social media, with Instagram being the top driver of purchases.

CONSUMERS ARE PLACING VALUE IN SEEING WHAT THEIR PEERS SAY

The social media search journey also tends to be more interactive than that of a simple Google search. Take TikTok, for example. When a user types an inquiry into TikTok, they're likely watching more than one video from the search results. This means they're taking in an entire feed of peer-recommended content, which likely resonates better than typical Google search results, as they're seeing someone who has vetted what they're looking for reacting in real-time. They see how the creator felt and what they said when they toured the apartment, ate at the restaurant, or tried the new viral makeup trend.

TikTok is capitalizing on this usage data with a slew of new features, one of which is the Nearby Feed, in which they're testing showing users a feed of geo-targeted content based on their current geographical location, something Google already does. If this feed comes to fruition, coupled with the growing influence of peer-recommended video, TikTok search results could become even more relevant than those of Google.

MAKING SURE YOUR CONTENT SHOWS UP

So how can your brand's content show up in social search results? The answer is largely dependent on the platform. TikTok and Pinterest, for example, place a large emphasis on keywords when it comes to your content titles and captions. The more your content aligns with search terms, the more likely it is that your content will show up. But all social platforms have additional factors that inform the algorithms, including who else has interacted with your content, and what your followers' interests are. Marketers will need to strike the right balance between engaging content and discoverability across all social networks. Our agency works closely with platform representatives from every social app to understand what searches are trending each month, and how our clients' content can be optimized towards them.

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THE RETURN TO IN-REAL-LIFE MARKETING

Consumers are eager to re-enter and re-engage with the real world after being homebound in the midst of the global pandemic, and many brands are meeting them where they are, putting their marketing efforts towards "In-Real-Life" (IRL) activations and in-store touch points.

OUT-OF-HOME (OOH) ADVERTISING ON THE RISE

Out-Of-Home (OOH) advertising is projected to reach $42 billion globally this year—back on par with pre-pandemic levels. At the same time, we're closely watching the removal of the third-party cookie. If marketers lose the ability to digitally retarget customers at scale to drive conversion, a medium like OOH—where one advertisement IRL can reach many people at the same time—becomes much more valuable. There's also a positive correlation between digital OOH ads and social media. According to a recent study, social ads are more impactful across key performance indicators like brand relevance, likeability, and authenticity when someone sees them on a billboard first. Participants in the study had an 87% increase in brand approach, or positivity, when they saw the campaigns first on a digital-out-of-home screen in person and then on social media.

BLURRING THE LINE BETWEEN DIGITAL AND PHYSICAL

It's not just ads making their way into the real world once again: we're also seeing a number of brands revamp their brick-and-mortar shops to increase foot traffic, making them more experiential and blurring the lines between digital and physical through technology.

At Ulta Beauty Stores, for example, "digital signage and scent diffusers help make the physical shopping experience even more memorable by engaging the shoppers' senses and creating emotional connections that stay with the customer…" says *Marketing Dive*. Ulta also rearranged their store layouts to focus more on the customer journey than individual products. Its GlamLab app allows visitors to peruse the physical store through an individualized shopping experience that combines digital shopping elements with IRL communication with Ulta Beauty representatives. "From the moment a customer decides to come into the store all the way through checkout, [Ulta is] creating a physical environment that connects to our digital environment in the right way… an optimal experience for discovery and product browsing and above all human connection," said Paul Loux, the Vice President of Store Design and Experience at Ulta, in a recent interview. "From the fixtures, to the digital connections, to the brand presentations—all elements work together to integrate the online experience with the in-store," *Marketing Dive* added.

SOME OOH CAMPAIGNS WE'RE LOVING:

01 TRAVEL TEXAS X NYC

During National Barbeque Month last May, Travel Texas sent a BBQ food truck to New York City and had guests scan a QR code to visit the Travel Texas website.

WHY WE LOVE IT: Food is the way to many hearts—and now website traffic. By having New Yorkers try food IRL and associate a positive connection with it, the potential travelers went directly to the Travel Texas tourism website, getting them one step closer to converting to Texas travelers.

02 KRAFT HEINZ X ENNISMORE

Kraft teamed up with hospitality company Ennismore to promote its chef-inspired Heinz 57 collection, letting guests staying at Ennismore's Mondrian Los Angeles, SLS Brickell, SLS LUX Brickell, and SLS South Beach sample the line while ordering room service, having dinner, ordering poolside, or visiting other on-site locations. The activation also included a luxury tasting lounge at Hyde Beach in Miami, Florida.

WHY WE LOVE IT: We love to see a nostalgic childhood favorite elevated by an attainable luxury hotel experience.

03 MOXY HOTEL AR EXPERIENCE

Last year, Marriott hosted an AR experience at its Moxy Hotels. At check-in, guests were asked to scan a QR code to unlock different challenges and urge them to explore different parts of the hotel.

WHY WE LOVE IT: Travel meets gamification. Globally, Gen Z consumers spend 17% of their leisure time gaming. By integrating a game-like experience into its offering, Moxy could reach its target demographic, all the while creating something easily shareable on social media.

THE CONSUMER JOURNEY IS BECOMING LESS LINEAR

According to *Retail Dive*, "67% of consumers want both online and in-store as part of their buying journey. And 76% of online shoppers visit a physical store before buying online." When consumers can actually see, touch, and interact with the products, the experience may give them more incentive to purchase.

The customer journey is becoming less linear, and when there are more touch points, there's more consideration. "People are recognizing the limitations of online discovery and looking back to stores to provide that surprise and delight and introduce them to new products," says *eMarketer* analyst Sky Canaves. When technology is integrated smartly to the IRL experience, it can only enhance the customer journey and buying process.

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SKY CANAVES, "3 ways the customer journey is changing—and how retailers can keep up," *eMarketer*, Mar. 2023
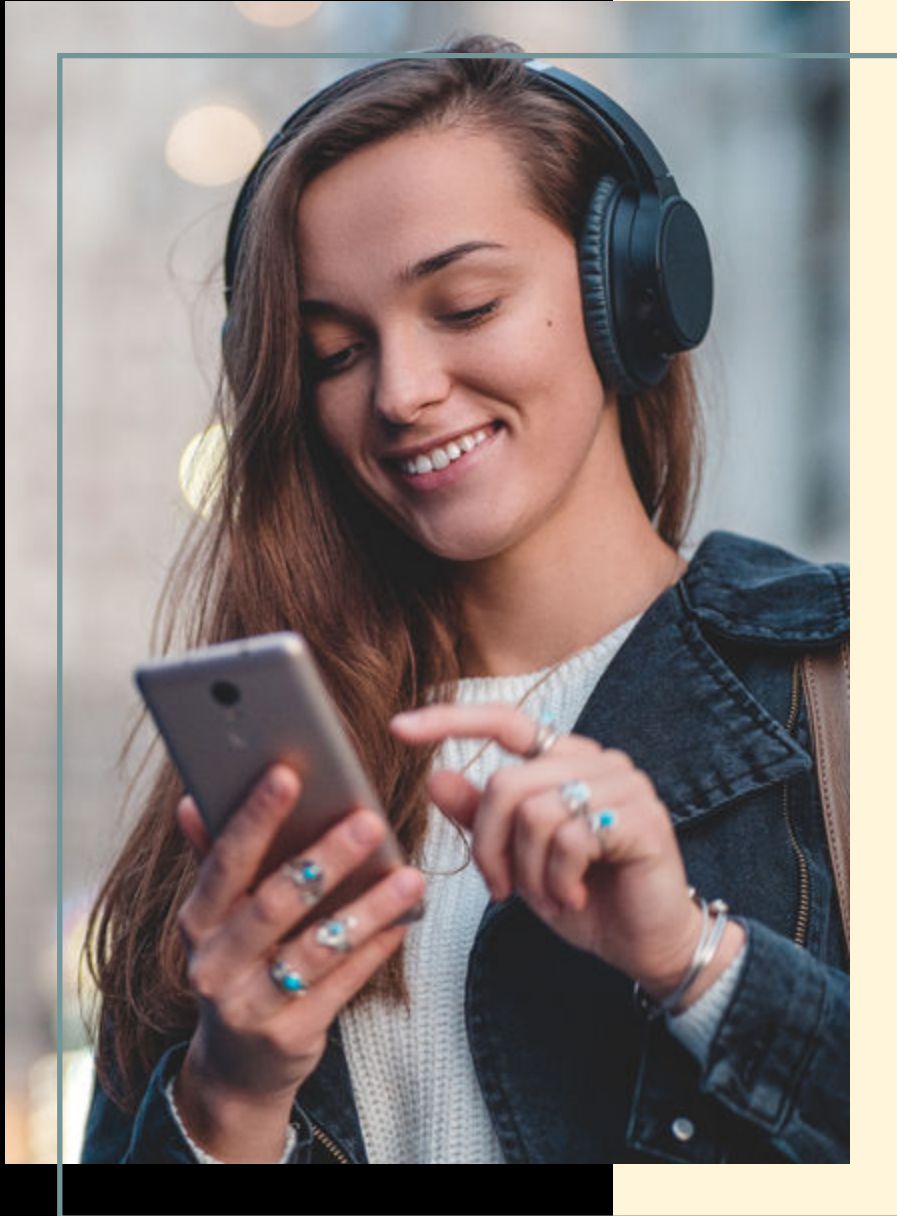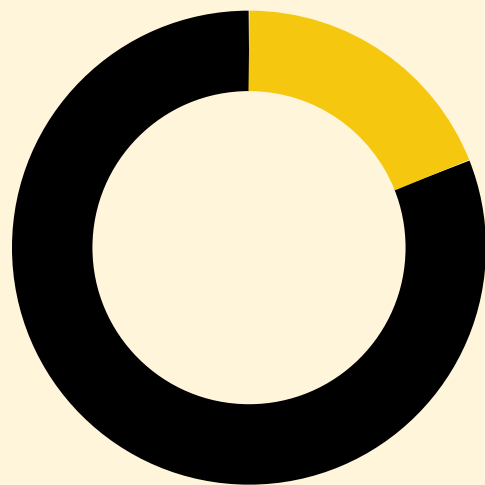
AUDIO IS BECOMING A KEY PLAYER

Marketers are increasingly prioritizing audio as part of their advertising strategies, and the results are speaking for themselves. One way they're doing so is through a sonic logo: a small sound-bite that quickly conveys a brand's identity. This year, 19% of ads during the Super Bowl featured sonic logos—up from 12% the previous year—with 70% of those brands debuting their sonic logos for the first time during the big game for maximum impact.

So why the jump in popularity? Data indicates ads with sonic branding outperformed those without it by 43% in 2021 and by 64% in 2022. Take Tostitos, for example, who last year saw an ad recall rate significantly higher than that of Consumer Packaged Goods (CPG) brands on average after introducing a sonic logo reminding consumers of chips crunching and salsa jars opening. Even hospitality brands like Nando's are getting in on the action.

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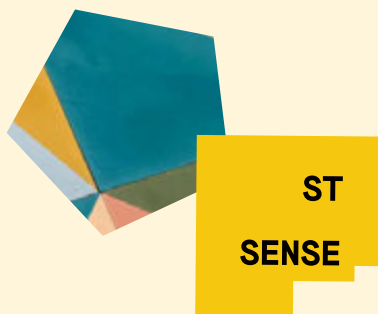
CONSUMERS ARE SPENDING MORE TIME ENGAGING WITH AUDIO

The trend and its impact make sense given that consumers are spending more time immersing themselves in audio avenues. This year, <u>two-thirds of the U.S. population</u> are projected to listen to podcasts monthly, a figure that's increased year-over-year and lends itself to conversion—when it comes to podcast ads, listeners are <u>74% more likely</u> to visit a brand website and <u>65% more likely</u> to purchase a product. Marketers can see big results by advertising through podcasts with mutual audience interests. For example, we recently worked with one of our consumer tech clients to place an ad on a podcast that reaches multiple of their audience segments. Those who listened to the podcast ad and then went on to our client's website had an average session duration of almost six minutes—significantly higher than the average <u>session duration of two to four minutes</u> across all websites.

AUDIO ALSO PLAYS A ROLE ON SOCIAL

While stand-alone audio apps like Clubhouse certainly seem on their way out—the app saw a <u>60% decrease in downloads</u> in February of this year—there's reason to believe audio features are having a moment on social. In fact, sound on social media is more important than ever before, with <u>90% of TikTok users</u> saying sound is "key" to their experience on the platform, and 70% saying they watch ads with the sound on. Even on Snapchat, content created with its Sounds library has collectively resulted in over <u>2.7 billion videos created and over 183 billion views</u>. Trending audio certainly plays a key factor in discoverability as well on platforms including TikTok and Instagram.

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STREETSENSE MARKETING TEAM LEADERSHIP

HOW CAN WE HELP?

Looking to dive deeper into the trends we covered in this report and figure out how to maximize your marketing strategy accordingly? Streetsense can help optimize your best path forward.

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